



EMPEROR INTERNATIONAL HOLDINGS LIMITED

英皇集團(國際)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 163)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH, 2004

RESULTS

The board of directors (“Board”) of Emperor International Holdings Limited (the “Company”) announces that the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31st March, 2004 together with comparative figures for the corresponding year in 2003 are as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31st March,	
		2004	2003
	Notes	HK\$'000	HK\$'000 (Restated)
Turnover		1,279,983	660,548
Cost of Sales		(879,938)	(337,175)
Direct operating expenses		(46,554)	(43,601)
Gross profit		353,491	279,772
Other operating income – net		31,661	29,728
Selling and marketing expenses		(85,737)	(48,529)
Administrative expenses		(186,129)	(176,576)
Allowance for doubtful debts of margin financing and other receivables (made) written back – net		(7,122)	4,792
Surplus (deficit) on revaluation of investment properties		273,253	(204,475)
Impairment losses	4	(39,787)	(219,216)
Profit (loss) from operations	5	339,630	(334,504)
Finance costs		(20,106)	(24,910)
Share of results of associates	6	30,775	(309,932)
Loss on disposal of associates		–	(39,950)
Amortisation of goodwill arising on acquisition of an associate		–	(3,094)
Profit (loss) before taxation		350,299	(712,390)
Taxation charge	7	(15,964)	(7,071)
Profit (loss) before minority interests		334,335	(719,461)
Minority interests		534	8,524
Profit (loss) attributable to shareholders		334,869	(710,937)
Earnings (loss) per share – basic	8	HK\$3.88	HK\$(8.24)

Notes:

1. Basis of preparation

The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain properties and investments in securities, and in accordance with accounting principles generally accepted in Hong Kong.

2. Adoption of Hong Kong Financial Reporting Standards

In the current year, the Group has adopted, for the first time, the following Hong Kong Financial Reporting Standard (“HKFRS”) issued by the Hong Kong Society of Accountants (“HKSA”). The term HKFRS is inclusive of Statements of Standard Accounting Practice (“SSAP(s)”) and Interpretations approved by the HKSA.

SSAP 12 (Revised)

Income Taxes

The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred taxation. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred taxation is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements of SSAP 12 (Revised), the new accounting policy has been applied retrospectively. As a result of this change in policy, the balance of accumulated profits at 1st April, 2002 has been increased by approximately HK\$1,850,000, representing the cumulative effect of the change in policy on the results for the periods prior to 1st April, 2002. The balance on the Group’s asset revaluation reserve at 1st April, 2002 has been decreased by approximately HK\$11,887,000, representing the deferred taxation liabilities recognised in respect of the revaluation surplus on the Group’s properties at that date. The change has resulted in a decrease in the profit of approximately HK\$6,049,000 for the year ended 31st March, 2004 and an increase in the loss of approximately HK\$5,067,000 for the year ended 31st March, 2003. The change has also resulted in a decrease in asset revaluation reserve of approximately HK\$864,000 for the year ended 31st March, 2004 and an increase in asset revaluation reserve of approximately HK\$211,000 for the year ended 31st March, 2003.

3. Segment Information

For management purposes, the Group is currently organised into eight operating divisions, namely, lease of properties, sales of properties, printing and publishing, securities brokerage services, wholesaling and retailing of furniture, hotel and restaurant operations, sales of marine products and consultancy and advisory services. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these business activities for the year ended 31st March, 2004 is presented below.

	Lease of properties HK\$'000	Sales of properties HK\$'000	Printing and publishing HK\$'000	Securities brokerage services HK\$'000	Wholesaling and retailing of furniture HK\$'000	Hotel and restaurant operations HK\$'000	Sales of marine products HK\$'000	Consultancy and advisory services HK\$'000	Others HK\$'000	Consolidated HK\$'000
INCOME STATEMENT										
Turnover										
External sales	76,191	533,901	352,809	75,809	97,975	41,515	44,329	31,262	26,192	1,279,983
Result										
Segment results	329,033	18,963	(8,012)	23,341	(7,611)	(5,881)	1,788	26,360	4,441	382,422
Interest income										1,327
Unallocated corporate expenses										(44,119)
Profit from operations										339,630
Finance costs										(20,106)
Share of results of associates	-	30,775	-	-	-	-	-	-	-	30,775
Profit before taxation										350,299
Taxation charge										(15,964)
Profit before minority interests										334,335

Segment information about these business activities for the year ended 31st March, 2003 is presented below.

	Lease of properties HK\$'000	Sales of properties HK\$'000	Printing and publishing HK\$'000	Securities brokerage services HK\$'000	Wholesaling and retailing of furniture HK\$'000	Hotel operations HK\$'000	Sales of marine products HK\$'000	Consultancy and advisory services HK\$'000	Others HK\$'000	Consolidated HK\$'000
INCOME STATEMENT										
Turnover										
External sales	91,118	77,960	237,440	52,533	90,922	42,014	27,591	40,951	19	660,548
Result										
Segment results	(157,966)	42,178	(52,575)	29,185	(4,599)	(7,731)	1,416	32,239	(4,242)	(122,095)
Interest income										11,305
Impairment loss recognised in respect of internet streaming rights										(180,000)
Unallocated corporate expenses										(43,714)
Loss from operations										(334,504)
Finance costs										(24,910)
Loss on disposal of associates	-	(57,612)	-	-	-	-	-	-	17,662	(39,950)
Amortisation of goodwill arising on acquisition of an associate									(3,094)	(3,094)
Share of results of associates	-	(298,540)	-	-	-	-	-	-	(11,392)	(309,932)
Loss before taxation										(712,390)
Taxation charge										(7,071)
Loss before minority interests										(719,461)

Revenue and results of the Group are substantially derived in Hong Kong. Therefore, no analysis of geographic segments are presented.

4. Impairment loss of properties and other assets recognised

	2004 HK\$'000	2003 HK\$'000
Impairment losses recognised in respect of:		
Properties under development	(25,577)	(33,437)
Intangible assets	(8,000)	(180,000)
Motor vehicle registration marks	(1,300)	(1,470)
Properties held for sale	(4,910)	12,015
Publishing library	-	(16,324)
	<u>(39,787)</u>	<u>(219,216)</u>

5. Profit (loss) from operations

Profit (loss) from operations for the year has been arrived at after charging depreciation and amortisation of approximately HK\$54,778,000 (2003: HK\$46,375,000) in respect of the Group's property, plant and equipment, publishing library and intangible assets.

6. Share of results of associates

For the year ended 31st March, 2003, an associate of the Group made an allowance for doubtful recovery of the amount due from an unconsolidated subsidiary in its income statement.

7. Taxation (charge) credit

Hong Kong Profits Tax is calculated at 17.5% (2003: 16%) of the estimated assessable profit for the year. The enterprise income tax of The People's Republic of China (the "PRC") is calculated at the rates prevailing in the PRC.

	Year ended 31st March,	
	2004 HK\$'000	2003 HK\$'000
The charge comprises:		
Current tax		
Hong Kong Profits Tax	(7,523)	(6,523)
PRC enterprise income tax	(269)	-
	<u>(7,792)</u>	<u>(6,523)</u>
Overprovision in prior years		
Hong Kong Profits Tax	362	4,524
PRC enterprise income tax	(57)	-
	<u>305</u>	<u>4,524</u>
Deferred taxation		
Current year	(5,748)	(4,800)
Attributable to increase in tax rate	(301)	-
	<u>(6,049)</u>	<u>(4,800)</u>
Share of net taxation charge of associates	<u>(2,428)</u>	<u>(272)</u>
	<u>(15,964)</u>	<u>(7,071)</u>

8. Earnings (loss) per share

The calculation of the basic earnings (loss) per share is based on the Group's consolidated profit attributable to shareholders of approximately HK\$334,869,000 (2003: loss of HK\$710,937,000 as restated) and on 86,329,352 ordinary shares in issue after adjusted for the effect of the 10 to 1 share consolidation effective on 31st March, 2003.

No disclosure of diluted earnings (loss) per share was presented for both years as there were no dilutive potential ordinary shares in issue in either year.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK\$0.38 per share for the year ended 31st March, 2004 ("Final Dividend"), amounting to approximately HK\$33 million, subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Thursday, 26th August, 2004. If approved, the Final Dividend will be paid on Thursday, 21st October, 2004 to shareholders whose names appear on Register of Members of the Company on Thursday, 23rd September, 2004.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed, for the purpose of determining shareholders' entitlement to the Final Dividend, from Tuesday, 21st September, 2004 to Thursday, 23rd September, 2004 (both days inclusive), during which period no share transfer will be effected.

In order to qualify for the Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration no later than 4:00 p.m. on Monday, 20th September, 2004.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31st March, 2004, the Group recorded a turnover of HK\$1,280 million, representing an increase of 93% as compared with HK\$661 million for the previous year. The increase in turnover was mainly attributable to the increase in sale proceeds of properties from HK\$78 million for the previous year to HK\$534 million for the year under review.

Profits attributable to shareholders amounted to HK\$335 million as compared with a loss of HK\$711 million for the last year. During the year, various sections including leasing and sale of properties, magazine publishing and printing, provision of financial services and sale of marine products made satisfactory contribution to the Group while the value of the properties of the Group appreciated due to the recovery of the property market.

OPERATION REVIEW

Hong Kong Property Development and Investment

Property development remained the core business from which the Group derived its income. All units in JC Castle at Tai Po and Royal Bay at Chung Hom Kok were sold during the year and their sale proceeds contributed approximately HK\$376 million and HK\$137 million to the revenue of the Group respectively, leading to a net profit of around HK\$14 million. Basement excavation and foundation works of the redevelopment site in Repulse Bay had commenced. Such works were expected to be completed by 2005.

PRC Property Development and Investment

Riverside Garden, Xiamen

Nearly all the residential units of Phase I of the development had been sold. The sale proceeds generated positive contribution to the results of the Group for the year. Construction work of Phase II of the development was tentatively scheduled to commence by the end of this year.

New Century Plaza, Chongqing

The project was intended to comprise an integrated commercial, office and hotel complex. During the year, the Group disposed of its interest in the development at a consideration of RMB55 million.

Brokerage and Financial Services

During the year, contribution from the Group's brokerage and financial services businesses amounted to HK\$23 million as compared with a profit of HK\$29 million for the last year. The drop was mainly due to the less active financial market during the SARS period and the keen competition within the industry.

The current equity investment market is fast moving and volatile. Apart from offering extensive brokerage and trading services of Hong Kong stocks, the Group is also providing margin-financing services to enable clients to capture favourable investment opportunities. A full range of investment products will be offered to clients including asset management, futures, options and other derivative products with a view to broadening the income stream.

Hotel, Restaurant and Furniture

Though a loss was incurred by The Emperor (Happy Valley) Hotel, its results had substantially improved as compared with the previous year, despite the outbreak of SARS during the year. The karaoke business in the Hotel thrived following completion of refurbishment of the karaoke rooms. The refurbishment work of the hotel rooms was also in progress. The management expected the refurbishment to bring about a better result in the coming year.

Chiu Chow Dynasty, a Chinese restaurant offering Chiu Chow cuisine was opened around the end of the financial year. The restaurant was still at an investment stage. The management hoped that it could bring in positive contributions to the Group in the coming periods.

The performance of the furniture business of Ulferts was also adversely affected by SARS and incurred losses during the year. As the general demand for imported brands was surging in mainland China, the management would consider to explore good development opportunities in the bigger cities of the PRC and Macau. Shortly after the year under review, a new flagship store of the second furniture line called @Home, was opened to boost the sales of the furniture line.

Publishing and Printing

New Media Group

Weekend Weekly, New Monday, Oriental Sunday, Economic Digest, Fashion and Beauty, Free Walker and Much More were published and managed by the New Media Group ("New Media"), offering a wide range of magazines for different readers. Weekend Weekly, New Monday and Oriental Sunday generated satisfactory profit for the Group during the year. Though a loss was recorded for Economic Digest, the management saw a substantive improvement as compared with the last year. Fashion and Beauty, Free Walker and Much More were all new magazines launched during the year. They were still at an investment stage

and the management anticipated a steady growth in their contribution in the coming year. During the year, New Media had diversified into publishing books like pocket books and movie magazines to broaden its income stream. The management expected the results of New Media to continue to improve.

Hong Kong Daily News

During the year, Hong Kong Daily News recorded a loss owing to the keen competition in the industry. The management was taking pro-active steps to enrich its editorials, draw advertising income and strengthen its market teams to increase the circulation and revenue of the newspaper.

Hong Kong Daily Offset Printing

The printing arm of the Group, Hong Kong Daily Offset Printing, continued to generate a steady profit for the Group, despite keen competition and a difficult economic environment.

Marine Products

During the year, the business of glass eel trading contributed a slight profit to the Group.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31st March, 2004, total external borrowings (excluding payables) amounted to approximately HK\$694 million, as compared with HK\$1,109 million for the last year. Debt to equity ratio (measured by total external borrowings as a percentage of net asset value of the Group) decreased from 54% as at 31st March, 2003 to 29% as at 31st March, 2004. In addition to its share capital and reserves, the Group made use of cash from operations, bank borrowings, unsecured loans from a shareholder and related companies to finance its operations. The Group's bank borrowings were mainly denominated in Hong Kong dollars and their interest rates followed prevailing market rates. The Group's bank balances and cash were denominated in Hong Kong dollars and Renminbi; therefore, the Group had no material exposure to fluctuations in exchange rates. Besides, the Group had contingent liabilities in respect of (i) guarantees given to a bank as security in connection with mortgage loans granted to third parties totalling HK\$9 million and (ii) loss and damages due to defects claimed by purchasers of some of the Group's properties.

Staff costs

The total cost incurred for staff, including directors' emoluments amounted to HK\$238 million, as compared with HK\$199 million for the last year. The increase was mainly due to the fact that only part of the staff cost of the printing and publishing business acquired by the Group during last year was accounted for in the financial statements of the Group for last year. The number of staff was approximately 1,200 as at 31st March, 2004.

Assets Pledged

Assets with carrying value of approximately HK\$2,333 million were pledged as security for banking facilities.

Prospects

Though there were signs of gradual recovery in Hong Kong's economy, the management found it premature to diagnose a full rebound at this stage as deflation persisted, unemployment rate remained high, and the global economy suffered following the war in Iraq. However, in anticipation of an improving economy, the management had been cautiously looking for new investments and suitable properties to replenish its land bank and strengthen its investment property portfolio. Looking ahead, the management would closely monitor the performance in every segment of its business so as to maintain its growth momentum and profit margins.

FULL DETAILS OF FINANCIAL INFORMATION

All the information required by paragraph 45(1) to 45(3) of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (in force prior to 31st March, 2004) will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

By Order of the Board
Luk Siu Man, Semon
Chairperson

Hong Kong, 19th July, 2004

As at the date hereof, the Board comprised Ms. Luk Siu Man, Semon (Chairperson and Executive Director); Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa (Managing Directors and Executive Directors); Mr. Yeung Lik Shing, Michael, Mr. Chan Pak Lam, Tom and Ms. Mok Fung Lin, Ivy (Executive Directors); Mr Law Ka Ming, Michael and Chan Man Hon, Eric (Independent Non-executive Directors).

** for identification purpose only*

Please also refer to the published version of this announcement in China Daily.